

Letter from Gardiner Greene Hubbard to Alexander Graham Bell and Mabel Hubbard Bell, October 28, 1879, with transcript

L. 1879 Telephone England G.G.H. to ALEC AND MABEL Oct. 28 Steamship Herder.
account of business there

I wrote to you about the middle of August giving a full narrative of my work in England to that time. I am afraid from what your Mama writes that I said something in that letter which was interpreted in a different manner from that which in which it was intended. I have always had the greatest confidence in Alec's ability and believe that he would succeed in any business which he should persistently follow with all his mind, that if he applied himself to business he would have been eminent as a merchant, but then we should not have had the telephone. The gentlemen connected with the Telephone Company have always spoken in the highest terms of Alec, but they say that for the last few months that he was in England he paid little attention on to the business, and the 2 records show that for the last four months he did not attend a single meeting of the directors.

Since writing in August I have become much better acquainted with the Directors and think that it would have been difficult to have found the same number of able business men so little competent to carry on the business of the Company. Mr. Quitter, the largest stockholder, is a stock broker abundantly qualified to bring out a new undertaking so far as sales of stock are concerned, but with little knowledge beyond that, while he thinks his judgment excellent upon such matters of which he knows nothing. Mr. Balten is the only man that has had any experience Batton? 3 They at once agreed to appoint Mr. Sanders General Manager, he is an old telegrapher having acquired a handsome property in that business, he is a fair mechanic, an excellent organizer, a strict disciplinarian, and well acquainted with dealing with the public. When he agreed to come he had no idea of

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the work before him, he only knew what had been done, thought his principal business would be the construction and leasing of private lines requiring four or five hours a day, for about five days in the week. When I left he was working regularly from 10 o'clock A.M. to 7 P.M. and frequently not leaving the office until 9 or 10 P.M. I think he has a pretty good idea of the business. Shortly before I left I printed a letter to the Directors giving urging my views of the work for the Company. This elicited much discussion and gave 4 many new views to Mr. Sanders, for whose especial conduct the letter was intended. The last week I was in London the future policy of the Company was settled upon in accordance with these views. The main points were the appointment of a Metropolitan Superintendent to canvass for subscribers to fifteen districts, stations in as many different parts of London, giving 270,000 inhabitants to each district, — the company agreeing to establish a Central System in each of these Districts as soon as 25 subscribers had been obtained. This Superintendent is Mr. Leggatt, an old friend of Mr. Brand and Dewhurst who had been canvassing for subscriptions to the city office. I proposed a more extended field of operations and he at once entered into the work very heartily.

He devotes all his time to the work receiving a commission of 5 business ten per cent on the first years' rental of each subscriber he obtains. He will have a general office and appoint canvassers under him paid a regular but small weekly salary, and a small commission on each subscriber. I have great confidence in Mr. Leggatt and believe he will open within the next year from 15 to 20 offices in London.

2nd. The appointment of at least three travelling agents to be paid a regular salary and travelling expenses, to organize District Tel. Cos. in the large cities and towns; one of these agents has already been appointed, and others will be as soon as the men can be found.

3rd. The organizing District Companies in all cities having a population of 100,000 and over, with a preferred capital of 6 £ 2000, the remaining capital to be equally divided

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between the Parent Co. and the District Company . A a ll telephones to be leased at an annual rental of one Pound for telephones and thirty shillings for transmitters.

4th. In smaller towns, District Cos. to be organized by the Parent company whenever and wherever the requisite number of subscribers were obtained.

I think this policy will be faithfully and vigorously prosecuted and that we may expect a large and profitable business. 7 to make such a proposition as should not materially diminish your interest in the Company and proposed the following division

To Patentee stockholders 5,500 shs.

“ Capitalist “ 4,500 “

“ Debenture Holders 5,000 “

“ Mr. Hubbard as Trustee 1,000 “

“ Directors Brand, Morrison, Quitter, Balten and Dewhurst 1,000 “

To be sold at not less than £ 2.10 per share, the proceeds used to carry on the Co. until completion of the reorganization. 3,000

20,000 “

This would have given you 2,800 shares, or a small fraction over # of 17,000 shares the number appropriated for the purchase of the property of the old Co.. But Mr. John Morris, the counsel, objected to this proposition, as he said the transfer of 1,000 8 shares to me as Trustee could not be sustained, as it would be unjust to make any difference between you and Col. Reynolds — but that as I had come out at the request of the Directors, and as my services had made the property of value, the Co. should pay this debt to me in shares. The Directors therefore agreed to pay me 1,000 shares for my services to the Company.

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I trust this arrangement will be satisfactory to you; if not I will transfer the 1,000 shares to you. The new Co. will have 60,000 shares, 20,000 to be paid for the property of the old Co., 40,000 shares to be sold at best rate from time to time as required by the wants of the Company.

There was nothing definitely arranged with you as to the terms on which I was to go to England. Your interests were too large to be disregarded, and I felt that I should be negligent of my duties as Trustee if I did not look after it. I have expended about \$4,000 since I left home

For travelling expenses \$1,750

Expenses of Mr. Tracy 680 \$2,430

Other expenditures 1,570

\$4,000

That the trip has been of service to you, is shown by the fact that your stock, which could not have been sold for over £ 1 per share, or £ 1,800, would now sell for about £ 2.10 per share, or £ 4,500, with the prospect of a much higher value.

Under all the circumstances, and considering your present financial condition, I think you can afford to pay me for my services and expenses in addition to the 1,000 shares allowed by the 10 company for my services to it. Whatever you allow I shall, of course, deduct from the amount I owe you. I leave however, the whole matter in your hands, for I know that you will do whatever you think is right.

The company is now well organized, Mr. Brand is heartily enlisted in the work and can now be of essential service as he knows what to do, he has multitudes of friends and most of them will become subscribers to the city office. Mr. Sanders is probably the best person we could have obtained for General Manager. Mr. Fletcher, the electrician in place

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of Mr. Ormiston, has been with the company a long time, is an experience telegrapher, good mechanic and thoroughly understands all our instruments and the District System. It was necessary to have some one to represent 11 your interests in the company, I could not appoint Mr. Scott without running counter to the expressed wish of some of the Directors I therefore requested Mr. Howm to act for you and in accordance with your suggestions transferred to him 100 shares of stock and agreed that if the company did not pay salaries to the Directors as is customary in England, I would pay him £ 125 a year. We are under very great obligations to Mr. Howm for his constant efforts to make our visit pleasant and successful. He is greatly interested in the district system, and has already been of great service in introducing it into London. He will probably be a Director and pecuniarily interested in the Wolverhampton & Birmingham Company, which will increase his influence in the Parent Company. He understands the policy agreed upon by the company and will use his influence to see that it is energetically carried 12 out. He will keep me fully advised of everything that is done and generally see that your interests are protected. You are very fortunate in having a personal friend to watch after your interests.

The Directors were kind enough on my leaving to pass a complimentary vote in my behalf, and I believe I left with the entire confidence of the whole Board.

I am your affectionate Father Gardiner G. Hubbard.